

# RICOH UK PRODUCTS LTD



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Image Communication

## RICOH PLANS FOR BETTER BUSINESS PERFORMANCE WITH COGNOS

### HOW RICOH REDUCED FINANCIAL PLANNING CYCLES BY 77 PER CENT

#### INTRODUCTION

Ricoh UK Products is a European manufacturing subsidiary of Ricoh Group Japan, supplying photocopiers, toners and OPC drums to the European market. The company has a turnover of £200 million, with 600 permanent and as many as 200 temporary staff.

Ricoh's manufacturing approach, using 'Lean Thinking' and 'Continuous Improvement Principles' methodology, ensures that manufacturing processes are always measured against perfect performance. As a Japanese company, Ricoh operates the Kaizen continuous improvement methodology throughout the organisation to encourage staff to participate in enhancing processes, the aim being to evolve the business through best practice.

However, this vision did not fit in well with lengthy and painful manual planning processes suffered by the finance department.

#### CHALLENGES

The Ricoh UK Products plant production schedule is set by the sales teams, and the major focus for the finance team is on cost control to achieve optimum performance. As a result, finance has responsibility for rolling forecasts and monthly reporting to keep this on track. The team relied on unwieldy spreadsheets, which led to an inaccurate and slow process.

"Spreadsheets are just not a planning tool and took up far too much of the finance department's time and effort, and often delivered misleading results," said Nur Miah, senior business analyst at Ricoh. "The forecasts needed to be produced every three months, yet it took us three months to compile using the spreadsheet tools. This left the team with little time to analyse the data and understand what it meant for the company, or produce forecasts for different scenarios."

In keeping with the company's 'Lean Thinking' principles, the finance department wanted to eliminate waste from the process and spend more time doing value added activity. This sparked a search for an alternative.

Another goal was to increase its capabilities in collaborative planning across the organisation.

Miah explains: "We believe that best practice planning should not be in the hands of a small group and we are committed to changing this at Ricoh to make planning more participative and collaborative. We wanted to increase the number of managers involved in the planning process without suffering the inconsistency and unreliability of spreadsheets. We wanted to offer departmental contributors a fast, flexible input mechanism that would reflect their view of the business, so they would easily recognise and buy into the published plan."

#### THE SOLUTION

With these challenges in mind, Ricoh examined the market for a planning tool that would effectively re-engineer the financial process, achieve the objectives of agility and collaboration, be fast to implement, need little input from IT, allow the team to focus on adding value and deliver tangible ROI in a defined period.

Four specialist software companies were offered the opportunity to meet the above brief and it was an easy decision to select Cognos Enterprise Planning when the process was complete.

Miah commented: "We were impressed by how flexible the model was – it can be changed as the business reporting structure changes and manipulated to take account of different scenarios."

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“Cognos Enterprise Planning solution stood out as being a web-based and easy-to-use system. We were also reassured as its front-end resembled a spreadsheet and so was familiar and quickly adopted by end-users,” he added.

The implementation took a total of three months and required almost no input from Ricoh’s IT department. “The finance team felt immediate ownership with only two days of consultancy from Cognos. We really felt Cognos delivered on all its promises and were confident that we could now really start to make performance improvements to the planning process and, ultimately, the financial performance of the company.”

## THE BENEFITS

The first immediately visible benefit was the reduction in the planning cycle itself. This was reduced by 77 per cent to just three weeks, lifting an immense resource burden from the finance department. Ricoh can now report monthly actual results against plans, and can publish these within seven working days at the end of every month, and so keep a better track of company performance.

“The finance team is no longer bogged down with labour-intensive work. We now feel that we have an opportunity to add more value through analysis and have a greater feeling of control, as well as enhanced decision-making capabilities. For example, we can now drill down into overhead cost variances and question their cause,” said Miah.

“Preparation of a forecast using contributions over the web from the various parts of Ricoh can now take as little as five minutes to create and disseminate, rather than a couple of days, whilst enabling us to expand our forecasting to a level of detail that would have been previously impossible.”

“The process of reporting is much less painful and, to the relief of our IT experts, we are no longer asking for constant advice. With Cognos Enterprise Planning, the IT department is there for delivery, and the end-users for ownership.”

Through web-based planning, Ricoh has achieved increased collaboration resulting in the synchronisation of all planning data and ownership at a departmental level. There is now complete visibility of targets to all contributors to the planning process, which was previously unavailable.

The improved collaboration has also brought cost savings. According to Miah, “Cognos makes collaborative planning a reality by allowing those involved in the forecasting process to share their colleagues’ contributions. For example, much of our engineering is project-based and previously a ‘toner engineer’ would not be able to see or learn from other engineers’ forecasts even if their suppliers and pricing were very similar. With Cognos Enterprise Planning, they can now share this information and gain a valuable insight into their colleagues’ projects, saving time and uncovering potential cost savings.”

The implementation is also better placed to manage corporate governance demands, such as Sarbanes Oxley. Commented Miah: “For the first time, we have complete control and auditability of the process. We know who entered what data and when. With spreadsheets, the team was unable to determine if a report had been approved or who had entered the data. Cognos Enterprise Planning ensures we have a complete audit trail.”

The icing on the cake came when Ricoh UK Products won the UK award for business excellence against tough competition in the large company category from BMW and Siemens on October 26, 2005.

Winning this award is one of the highest accolades any organisation in the UK can achieve and recognises outstanding organisations which have significantly improved their business performance.

“An impressive part of our entry was the section about business results and financial processes. So Cognos played a significant part in our success,” concluded Nur Miah.

## PLANS FOR THE FUTURE

Ricoh UK Products is looking at following the lead of other subsidiaries within the Ricoh Group and will introduce Cognos business intelligence technology to help visualise its business issues according to the CPM vision and solution.

“The aim is to increase visibility across the company, ensuring that all management members have full access to the right information of the company and its performance,” Nur said.



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